



CITY COUNCIL AND COSTA MESA HOUSING AUTHORITY AGENDA REPORT

MEETING DATE: JUNE 7, 2016

ITEM NUMBER: **CC-10**

SUBJECT: **AGREEMENT FOR PROFESSIONAL FINANCIAL, LAND USE AND HOMELESS AND HOUSING CONSULTING SERVICES**

DATE: **MAY 19, 2016**

FROM: **CHIEF EXECUTIVE OFFICE**

PRESENTATION BY: **ASHLEY M. GARCIA, MANAGEMENT ANALYST**

FOR FURTHER INFORMATION CONTACT: **ASHLEY M. GARCIA, (714) 754-5249**
ASHLEY.GARCIA@costamesaca.gov

RECOMMENDATION:

Staff recommends that the City Council approve the sole source Professional Services Agreement for professional financial, land use, and homeless and housing consulting services with Keyser Marston Associates, Inc. ("KMA"), the City of Costa Mesa ("City") and the Costa Mesa Housing Authority ("CMHA") for an amount not to exceed \$100,000, for the period of July 1, 2016 - June 30, 2017 with three (3) one (1) year renewals, and direct the CEO to sign the agreement and authorize CEO to execute any renewal amendments.

BACKGROUND:

KMA has provided the City with comprehensive land use, financial, and homeless and housing services of the highest professional standard for many years. Dating back to an open ended contract with the Redevelopment Agency since the early nineties, KMA has continually addressed the critical need for comprehensive real estate and housing consulting services. They have a proven track record of success on complex development financing projects, ability to manage numerous projects with varying complexity and experience in housing program services including Neighborhood Stabilization Program, supportive housing strategies for homeless, senior housing strategies, the Homeless Task Force housing strategy, and is intimately familiar with the numerous City of Costa Mesa projects.

Past KMA projects have included the OC Fairgrounds, the first time home buyer program, St. Johns Manor and other senior and low-to-moderate housing projects. KMA assistance has also included support in negotiations, financial analysis of residential receipt notes and any housing loan modifications, evaluation of developer business financials and assistance to RDA and City staff in reviewing responses to RFP's for major development projects. Additionally, KMA was instrumental in assisting in the preparation of documents necessary to implement ABX126, the RDA Dissolution legislation. They also provided programmatic assistance due to staff reductions for many projects throughout the City.

The scope, breadth and depth of the independent financial review and analyses required for ongoing and future complex development projects in addition to the need for

confidentiality during various stages of the projects, necessitate the services of a proven independent financial consultant to augment staff expertise. The firm can quickly be available to do many tasks including affordable housing management, community relations, homeless coordination, economic analysis reports and document preparation. Most recently, KMA has performed consulting services for Housing, Homeless, Neighborhood Task Force coordination, Costa Mesa Housing Authority and CDBG administration. The Network for Homeless Solutions team relies on the expertise of KMA to provide services within the continuum of care, most specifically a dedicated staff person to oversee homeless outreach and community coordination in Costa Mesa. Additionally, the City called upon KMA's services to order and complete a report to City Council pursuant to Election Code 9212 on a ballot initiative titled "An Initiative to Require Voter Approval on Certain Development Projects." KMA prepared a thorough economic analysis report and presented the findings to the City Council on a quick 30-day timeline.

ANALYSIS:

Staff recommends approval of a new Professional Services Agreement with Keyser Marston Associates, Inc. utilizing the sole source exemption of Costa Mesa Municipal Code Section 2-165(c) and the Professional Services exemption in Costa Mesa Municipal Code Section 2-165(d) for following reasons:

- Based on KMA's previous and extensive experience in Costa Mesa, KMA has developed an extensive base of institutional knowledge of existing Costa Mesa projects, communities, policies, and concerns which would be take extensive time and expense to replace. KMA is uniquely and intimately knowledgeable of existing and future projects as most of the projects for which services are being contracted for, KMA has already involved with.
- All the services contracted for are beneficial to the interests of the City of Costa Mesa and are currently being provided by a qualified consultant who has been representing the City's financial, economic, and administrative interests with the State and the County and who is also familiar with the direction the City is going in with regards to many of our projects, such as the Network for Homeless Solutions.
- The City created the Costa Mesa Housing Authority to assume the housing assets and functions of the former Redevelopment Agency. This also involves management of Housing Authority assets including financial analysis of ongoing obligations and monitoring of ongoing housing activities. KMA is intimately familiar with the particular properties managed by the Housing Authority and assists the Housing Authority with loan conveyance and monitoring. Additionally, KMA provides loan financial analysis, audits and loan impairment analysis for Housing and Community Development.
- The City Council adopted the Homeless Assessment Strategy on March 20, 2012, which included nine (9) specific goals. The interdepartmental/jurisdictional

Network for Homeless Solutions is responsible for implementing this strategy. KMA has assisted the City in implementing the many facets of the strategy, including an affordable housing financing strategy, interdepartmental and service agency coordination and other complex issues pertaining to homelessness in Costa Mesa. The Network for Homeless Solutions currently has many projects in progress. Interruption in this process would have a negative impact on the City's ability to pursue its goals in this area.

- Under the expiring Professional Services Agreement, the City has the ability to seek expert evaluation of economic feasibility studies from KMA. In April 2016, the City utilized the expertise of KMA to evaluate the feasibility of a proposed ballot measure for the upcoming 2016 election. While initiated in the current fiscal year, the continued need for this type of service will continue beyond the expiration date of the current agreement.
- Finally, based upon all of the foregoing and specifically, KMA's extensive institutional knowledge of Costa Mesa, staff believes there is no competitive advantage to bidding out the special services and advice in financial, economic, and administrative matters sought.

ALTERNATIVES CONSIDERED:

The City Council can decide not to enter into an agreement with Keyser Marston and solicit additional bids through the RFP process.

FISCAL REVIEW:

Funding for the proposed contract will come out of the General Fund, Costa Mesa Housing Authority and CDBG administration. \$80,000 will be allocated for Consulting Services for Network for Homeless Solutions coordination. \$5,000 will be allocated for Consulting Services for the Costa Mesa Housing Authority, and \$15,000 will be allocated for Consulting Services for CDBG administration.

LEGAL REVIEW:

Legal has reviewed the Professional Services Agreement and approved it as to form.

CONCLUSION:

Staff recommends that the City Council and the Costa Mesa Housing Authority enter into a new sole source Professional Services Agreement with Keyser Marston Associates, Inc. to provide consulting services for Network for Homeless Solutions coordination, for the Costa Mesa Housing Authority and for CDBG administration. This will ensure continuity on existing projects and provide the expertise developed through demonstrated past performance necessary to complete these projects.

ASHLEY M. GARCIA
Management Analyst

THOMAS R. HATCH
Chief Executive Officer

THOMAS DUARTE
City Attorney

RICHARD L. FRANCIS
Assistant Chief Executive Officer

STEVE DUNIVENT
Interim Finance Director

ATTACHMENTS:

[1 Keyser Marston Professional Services Agreement](#)

[2 Sole Source Justification Form](#)